

# AIICO EUROBOND FUND

MAY | 2024



## OVERVIEW

AIICO Eurobond Fund is an open-ended Dollar denominated mutual fund, strategically investing in high-quality Nigeria sovereign & non-sovereign Eurobonds and in investment-grade money market instruments.

## INVESTMENT OBJECTIVES

The investment objective of the fund is to offer investors the opportunity to diversify their portfolios, ensure long term capital appreciation and capital preservation while generating a steady stream of income on USD denominated securities.

## FUND PERFORMANCE

The AIICO Eurobond fund closed the month with a net yield of 6.26%. The fund return is attributed to attractive yields across various instruments, including sovereign Eurobonds and investment grade money market instruments.

In May, the forex market experienced high USD demand despite increased inflows from offshore players and frequent interventions by the CBN. The interventions included three OMO auctions with a total allotment of c.₦1.92 trillion.

By month end, the Naira depreciated by c.6.83% m/m in the NAFEM window to c.₦1,485.00 per USD, following a c.6.23% m/m loss in April. This bearish sentiment was also evident in the parallel market, as the naira depreciated by c.8.21% m/m to c.₦1,450.00 per USD. The average turnover in May was c.\$279.67 million, showing an increase of c.2.67% compared to the previous month. Gross external reserves increased by c.1.35% from c.\$32.25 billion to c.\$32.29 billion by May 29th.

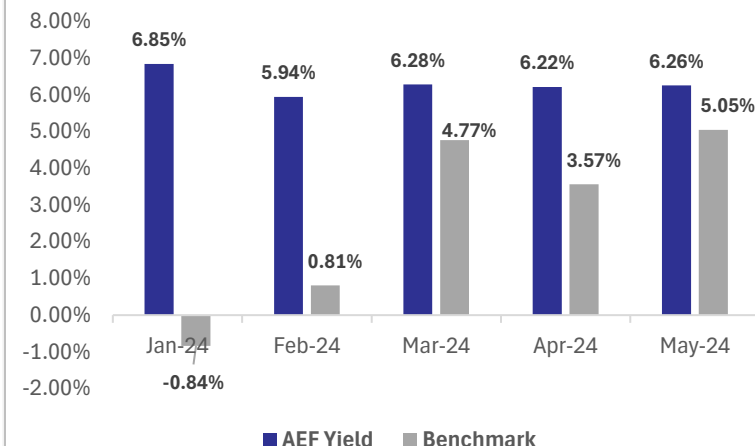
The Eurobond market was quite volatile in May due to uncertainty about the direction of US economic data. Despite optimism stemming from a decline in US CPI data and downward revision of Q1 2024 GDP to 1.30%, the market frequently incurred losses. However, the resilience of the labour market partially offset these losses. In domestic news, Fitch, a global rating agency, upgraded Nigeria's outlook from stable to positive, citing economic reforms under the new administration.

Overall, the Eurobonds market settled on a bearish note, with the average mid-yield increasing by 4 bps m/m to settle at 9.67%.

## FACT SHEET

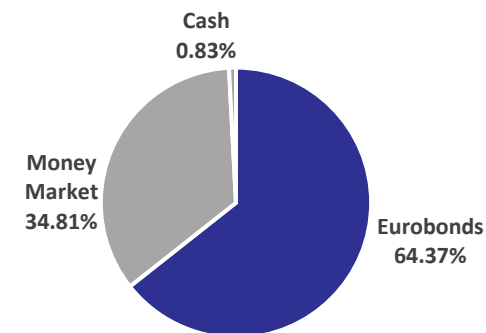
Fund launch date	20 Dec 2023
Fund Size as of 31 May 2024	\$1,345,565.48
Minimum Investment	\$1,000.00
Minimum Holding Period	180 Days
Benchmark	3-year NIG Eurobond
Net Yield	6.26%
Benchmark Rate	5.05%

## AEF Monthly Returns



**ASSET ALLOCATION:** In seeking to achieve all of the fund's objective, and inline with the SEC rules, the asset allocation of the fund is shown below:

## ASSET ALLOCATION



■ Eurobonds ■ Money Market ■ Cash

ASSET CLASSES	LOWER LIMIT	UPPER LIMIT	ACTUAL
NIG Sovereign, Supranational & Corporate Eurobonds	50.00%	100.00%	64.37%
Money Market	0.00%	30.00%	34.81%
Cash	0.00%	5.00%	0.83%

Aim higher. Reach further ►